

FY 2008-09 BUDGET

BUDGET SECTION SUMMARY

Section Title:

SANITATION ZONE - SEA RANCH

A. Program Description

This budget for Sanitation Zone - Sea Ranch (Zone 1) finances administration, operation, and maintenance of the collection system, pumping stations and two treatment plants.

B. Financial Summary

Section	NET COST/USE OF FUND BALANCE		
	FY 07-08 Adopted	FY 08-09 Requested	Percent Change
Operations	\$552,092	\$544,600	(1.36%)
Construction	130,000	190,000	46.15%
TOTAL:	\$682,092	\$734,600	7.70%

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

Workload Indicator	FY 06-07 Actual	FY 07-08 Budget Estimate	FY 07-08 Revised Estimate	FY 08-09 Projected	Change from FY 07-08 Budget Estimate
Total ESDs	556	563	567	567	0.71%
Total APNs	837	836	835	835	(0.12%)

E. Summary of Issues and Significant Changes

The Sea Ranch Sanitation Zone (Sea Ranch SZ) consists of two wastewater collection and treatment systems located in Central and North Sea Ranch. The Central and North Facilities both provide treatment to secondary wastewater treatment standards and are designed to treat average daily dry weather flows of up to 27,000 and 160,000 gallons per day, respectively. Treated wastewater from both facilities are disposed of through irrigation. The Sea Ranch Water Company is under contract to operate and maintain the Sea Ranch SZ facilities for the Agency.

The Sea Ranch Association purchased all of the Sea Ranch Water Company stock in August of 1997. The Sea Ranch Water Company continues to operate as a California Corporation, but has entered into a management agreement with the Association wherein the Association provides supervision, labor, and administrative services to the Sea Ranch Water Company.

The Agency and the Association continue to investigate options for the continued operation of the Sea Ranch SZ. Options being considered include executing an agreement between the Agency and the Association for the continued operation of the sewer facilities and the transfer of all assets, liabilities, and management responsibilities to the Association.

The requested rate per ESD for FY 08-09, annual sewer service charge, is \$774, representing a 5.0% increase from FY 07-08.

F. Summary of Reduction Options

No reduction options are proposed.

G. Attachments

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

FY 2008-09 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SANITATION ZONE 1 - SEA RANCH - OPERATIONS

Section/Index No: 678102

Sub-Object No. and Title	Adopted 2007-08	Requested 2008-09	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
1001 Flat Charges - CY	\$398,334	\$421,304	\$22,970	5.77%
1061 Flat Charges - PY	3,000	3,000	0	0.00%
1120 Penalties / Costs on Taxes	600	600	0	0.00%
Subtotal Taxes	\$401,934	\$424,904	\$22,970	5.71%
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$7,125	\$7,200	\$75	1.05%
Subtotal Use of Money	\$7,125	\$7,200	\$75	1.05%
<u>CHARGES FOR SERVICES</u>				
3400 Sanitation Services	\$0	\$0	\$0	N/A
Subtotal Charges for Services	\$0	\$0	\$0	N/A
TOTAL REVENUES	\$409,059	\$432,104	\$23,045	5.63%

EXPENDITURES:

SERVICES AND SUPPLIES

6040 Communications	\$5,000	\$5,000	\$0	0.00%
6140 Maintenance- Equipment	10,000	5,000	(5,000)	(50.00%)
6180 Maintenance - Bldgs / Imp	75,000	75,000	0	0.00%
6522 District Services	3,000	10,000	7,000	233.33%
6523 District Operations	60,000	78,000	18,000	30.00%
6540 Contract Services	185,000	200,000	15,000	8.11%
6570 Consultant Services	1,000	23,000	22,000	2200.00%
6573 Administration Costs	3,600	4,000	400	11.11%
6610 Legal Services	3,000	3,000	0	0.00%
6616 Change of Venue	3,492	0	(3,492)	(100.00%)
6629 Fiscal Accounting Services	5,000	5,000	0	0.00%
7206 Equipment Usage Charges	0	3,000	3,000	N/A
7217 State Permits / Fees	10,000	12,000	2,000	20.00%
7320 Utilities	35,000	35,000	0	0.00%
Subtotal Services and Supplies	\$399,092	\$458,000	\$58,908	14.76%

FY 2008-09 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Sub-Object No. and Title	Adopted 2007-08	Requested 2008-09	Difference	Percent Change
<u>OTHER CHARGES</u>				
7980 Depreciation	\$86,000	\$35,600	(\$50,400)	(58.60%)
<i>Subtotal Other Charges</i>	\$86,000	\$35,600	(\$50,400)	(58.60%)
<u>OTHER FINANCING USES</u>				
8625 OT - W/in Special Dist - BOS	\$50,000	\$40,000	(\$10,000)	(20.00%)
<i>Subtotal Other Financing Uses</i>	\$50,000	\$40,000	(\$10,000)	(20.00%)
<u>APPROPRIATIONS FOR CONT</u>				
9000 Appropriations for Contingencies	\$17,000	\$11,000	(\$6,000)	(35.29%)
<i>Subtotal Approp. for Contin.</i>	\$17,000	\$11,000	(\$6,000)	(35.29%)
TOTAL EXPENDITURES	\$552,092	\$544,600	(\$7,492)	(1.36%)
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	\$143,033	\$112,496	(\$30,537)	(21.35%)

FY 2008-09 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation
Section Title: Sanitation Zone - Sea Ranch - Operations

Character Title: Taxes

Character No.: 678102-10

1001 Flat Charges - CY

Flat charge revenue from annual sewer service charges is expected to increase from the adopted FY 07-08 budget. The rate will increase 5.0%, from \$737 to \$774

ESDs times annual rate:	567 x \$774	\$438,858
Less Estimated Delinquency Factor:	4%	(17,554)
		<hr/>
		\$421,304

(See SubObject 3400 for Total ESDs)

1061 Flat Charges - PY

This item records the estimated delinquent amount of prior years sewer service charges.

1120 Penalties / Costs on Taxes

This item records penalties paid on delinquent sewer service charges.

Character Title: Use of Money

Character No.: 678102-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the Zone by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$180,000
Projected Interest Rate	<hr/> 4.00%
Projected/Planned Interest on Pooled Cash	\$7,200

Character Title: Charges for Service

Character No.: 678102-30

3400 Sanitation Services

This account is used to record annual sewer service charges for entities that are invoiced, rather than collected as flat charges on the tax roll, and for new hook-ups as they occur during the year. The Sanitation Rate Ordinance requires that charges be collected at the time permits are issued. The properties are then added to the tax roll master listing and collected through sub-object 1001, Flat Charges-CY, in the following year.

The budget request for the forthcoming fiscal year assumes no revenue in this account. New hook-ups in this area are unpredictable.

6040 Communications

This account records expenses paid by the Zone for outside communication and wireless services, as well as for the cost of alarm services.

6140 Maintenance - Equipment

This account records the costs for routine maintenance of equipment.

6180 Maintenance - Bldgs / Impr

This account records the cost of parts and materials required to maintain the treatment plant and collection system.

6522 District Services

This accounts records the service and supply type items associated with operations and maintenance of the Zone's facilities. Our recent cost experience indicated that higher costs may be incurred during the forthcoming year.

6523 District Operations

This account records the cost of labor and overhead associated with operations and maintenance of the Zone's facilities. We anticipate the need for continued groundwater monitoring, collection system inflow and infiltration investigation, system improvement planning, and general oversight of operations. Our recent cost experience indicated that higher costs may be incurred during the forthcoming year.

6540 Contract Services

This account reflects the contract costs for the Sea Ranch Water Company to operate both the North and Central treatment plants.

6570 Consultant Services

This account records the cost of consultant services required in support of special projects including work on Sanitary Management Plan (\$19,000) PJ 7065-07.

6573 Administration Costs

This account represents the 1% administration fee assessed by the County for processing collection of flat charges on the tax roll.

6610 Legal Services

This item is requested to provide funds for the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required.

6629 Fiscal Accounting Services

This item records the direct charge for services provided by the Fiscal Services Section of the County Auditor Controller's Office for staff costs attributed to Zone's accounting.

6570 Consultant Services

This account records the services of outside consultants.

7206 Equipment Usage Charges

This item is requested to provide funds for equipment usage.

Character Title: Services and Supplies (Continued)

Character No.: 678102-60

7217 State Permits / Fees

This account records the cost of District permits related to NPDES, as mandated by the Regional Water Quality Control Board.

7320 Utilities

This account records the cost of payments made for utilities such as gas, electricity, and water.

Character Title: Other Charges

Character No.: 678102-75

7980 Depreciation

Generally Accepted Accounting Principles require that depreciation be expensed each year. The decrease in Depreciation Expense is due to assets being fully depreciated and certain anticipated projects being delayed.

Character Title: Other Financing Uses

Character No.: 678102-86

8625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to the Construction Fund to finance the capital replacement program. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

Character Title: Appropriations for Contingencies

Character No.: 678102-90

9000 Appropriations for Contingencies

This account provides funding for unanticipated expenditures or revenue shortfalls.

FY 2008-09 BUDGET

STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation

Section: Sanitation Zone - Sea Ranch - Operations

Index No.: 678102

DESCRIPTION OF FUND ACTIVITY	Actual FY 06-07	Estimated FY 07-08	Requested FY 08-09
Undesignated/Unreserved <u>BEGINNING</u> Fund Balance			
Available for Budgeting (See Detailed Components Below)	\$306,788	\$272,147	\$231,024
Annual Revenues and Expenditures:			
Revenues - Increase fund balance	419,116	412,929	432,104
Expenditures - (Decrease) fund balance	(459,924)	(484,828)	(544,600)
Net Surplus or Deficit - Increase/(Decrease) to fund balance	(\$40,808)	(71,899)	(112,496)
Adjustments to Reserves/Encumbrances:			
7980 - Depreciation	9,092	28,861	35,600
Change in Encumbrance	566	1,915	-
Post Audit Adjustment-Payable to SCWA General Fund	(3,491)	-	-
Net Adjustment - Increase/(Decrease) to Fund Balance	6,167	30,776	35,600
Undesignated/Unreserved <u>ENDING</u> Fund Balance			
Available for Budgeting	\$272,147	\$231,024	\$154,128
Total Increase/(Decrease) in Fund Balance for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	(\$34,642)	(\$41,123)	(\$76,896)
<u>Fund Balance Components at Beginning of FY</u>	<u>7/1/06</u>	<u>7/1/07</u>	
Cash	\$330,353	\$300,857	
Accounts Receivable	1,350	2,148	
Accounts Payable	(22,434)	(28,943)	
Encumbrance	(2,481)	(1,915)	
Total Beginning Fund Balance	\$306,788	\$272,147	

FY 2008-09 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SANITATION ZONE 1 - SEA RANCH - CONSTRUCTION
Section/Index No: 678300

Sub-Object No. and Title	Adopted 2007-08	Requested 2008-09	Difference	Percent Change
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REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$14,250	\$0	(\$14,250)	(100.00%)
Subtotal Use of Money	\$14,250	\$0	(\$14,250)	(100.00%)

OTHER FINANCING SOURCES

4625 OT - W/in Special Dist - BOS	\$50,000	\$40,000	(\$10,000)	(20.00%)
Subtotal Other Financing Sources	\$50,000	\$40,000	(\$10,000)	(20.00%)

TOTAL REVENUES	\$64,250	\$40,000	(\$24,250)	(37.74%)
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EXPENDITURES:

FIXED ASSETS

8510 Buildings / Improvements	\$90,000	\$150,000	\$60,000	66.67%
9142 Capital Replacement Program	40,000	40,000	0	0.00%
Subtotal Fixed Assets	\$130,000	\$190,000	\$60,000	46.15%

TOTAL EXPENDITURES	\$130,000	\$190,000	\$60,000	46.15%
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TOTAL NET COST	\$65,750	\$150,000	\$84,250	128.14%
<i>(Expenditures Minus Revenues)</i>				

FY 2008-09 BUDGET

CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sanitation Zone - Sea Ranch - Construction

Character Title: Use of Money

Character No.: 678300-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the Zone by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$0
Projected Interest Rate	<u>4.00%</u>
Projected/Planned Interest on Pooled Cash	\$0

Character Title: Other Financing Sources

Character No.: 678300-46

4625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to the Construction Fund to finance the capital replacement program. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

Character Title: Fixed Assets

Character No.: 678300-85

8510 Buildings / Improvements

This account is used for expenses associated with facility upgrades or expansion of the collection system, lift station, and capacity at the Sea Ranch wastewater treatment facilities. The budgeted items constructs a pipeline to convey secondary treated or raw wastewater from the Central Plant to the North Plant for tertiary treatment and disposal.

Building/Improvement	PCAS No.	Amount
Treatment Plant Consolidation	3872	<u>\$ 150,000</u>
	Total	<u><u>\$ 150,000</u></u>

9142 Capital Improvement

The amount requested for the forthcoming year is intended to be used for the replacement of electrical and mechanical equipment (including the replacement of items most likely to reduce operation and maintenance costs). The present electrical equipment is nearly 20 years old so finding replacement parts is difficult and expensive. The mechanical equipment is worn out due to age and the corrosive environment at Sea Ranch.

FY 2008-09 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Sanitation Zone - Sea Ranch - Construction
Index No.: 678300

DESCRIPTION OF FUND ACTIVITY	Actual FY 06-07	Estimated FY 07-08	Requested FY 08-09
Undesignated/Unreserved <u>BEGINNING</u> Fund Balance			
Available for Budgeting (See Detailed Components Below)	\$731,750	\$544,007	\$154,839
Annual Revenues and Expenditures:			
Revenues - Increase fund balance	39,507	6,801	40,000
Expenditures - (Decrease) fund balance	(245,280)	(525,316)	(190,000)
Net Surplus or Deficit - Increase/(Decrease) to fund balance	(205,773)	(518,515)	(150,000)
Adjustments to Reserves/Encumbrances:			
Change in Encumbrances	18,029	129,347	-
Net Adjustment - Increase/(Decrease) to Fund Balance	18,029	129,347	-
Undesignated/Unreserved <u>ENDING</u> Fund Balance			
Available for Budgeting	\$544,007	\$154,839	\$4,839
Total Increase/(Decrease) in Fund Balance for Fiscal Year (Difference between Beginning and Ending Balance)	(\$187,743)	(\$389,168)	(\$150,000)
<u>Fund Balance Components at Beginning of FY</u>	7/1/06	7/1/07	
Cash	\$858,876	\$665,323	
Accounts Receivable	20,250	20,250	
Payables	-	(12,219)	
Deferred Revenue	-	-	
Encumbrances	(147,376)	(129,347)	
Total Beginning Fund Balance	\$731,750	\$544,007	